November 1, 2004

Letter of Appeal FCC Office of the Secretary 445 12th Street SW Washington, DC 20554

Re:

CC Docket No. 02-6

Star ISD

Form 471 Application Number: 406737

FCD Letter Date: June 30, 2004

Billed Entity Number: 141183

Funding Year 2004

FRN# 1114703

This is a letter of appeal regarding USAC's denial of funding this district for regular telephone service. The explanation states: The category of service was changed from Telecom to Internal connections in accordance with program rules. The FRN references services that require a posting of a 470 for each Funding Year.

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The initial reviewer did not consider the 470 posted that stated the service requested was <u>POTS</u> with Key System with 9 existing lines w/existing key system. The billing attached clearly shows the eligible key system lines checked indicating that it is an existing service. The monthly rate of \$29.00 for the key system is checked. The key system has been in existence before the Erate program was initiated and has been funded these past years as part of our regular leased telephone service.

The district has not been requesting any changes to its existing phone system, including the key system in place, and expected to be funded for the telephone service as has been done in the past. The district was merely complying with SLD rules to request a discount on existing Telecom services and did not understand the implication of SLD's removal of existing key systems from the Eligibility List as a Telecom service and then moved to internal connections as an eligible service. It would certainly not be cost-efficient for the district to change the existing POTS and key system every year. If the district was interested in <u>upgrading</u> the present key system and wanted bids on a new key system, then we understood that this request should be made on Line 10 – Internal connections and use the next 28 days to seek bids for upgrading this service. The district did not understand that after past funding of our present system, the key system was now a different issue, separate and independent from requests for POTS. Changing existing key systems to a priority 2 category has threatened our funding for priority 1 services.

The best solution for our small rural remote district would be for the Schools and Libraries Division-USAC to at least fund our regular telephone service and not punish the district for misunderstanding the key system issue by denying the entire request. The monthly rate for the key system is only 8% of our total request for POTS.

Please reconsider this denial. The district requests that the FCC consider the existing leased key system as a long-standing component of a regular leased telephone service from a telecommunications provider or list the key system under Telecommunications Services on the Eligibility List as Not Eligible for the monthly rate. You may correspond with me for any additional questions regarding this application and appeal.

Thank you for your consideration.

Roger Hashem, Superintendent

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